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July 21, 1986

FEDERAL EXPRESS

Mr. W. Dempsey Helms
Water Resource Specialist
Arizona State Land Department
1624 West Adams
Phoenix, AZ 85007

Dear Dempsey:

This correspondence will serve to confirm our conversation today regarding Cyprus Mines Corporation's application nos. 21-93375 through 21-93379 for the purchase of water for the Cyprus Bagdad Mine. As we discussed, Cyprus is prepared to accept the State Land Department's \$35.00 per acre foot valuation (as set forth in the June 27, 1986 Notice of Appraisal for each of the above-described applications) subject to a reduction in the annual minimum purchase quantity for each application. The annual minimum acre feet for each application which is acceptable to Cyprus is as follows:

<u>Application to Purchase No.</u>	<u>Minimum Annual Acre Feet</u>
21-93375	20
21-93376	50
21-93377	50
21-93378	50
21-93379	20

Since the period for Cyprus to appeal the Notices of Appraisal will expire shortly, I would appreciate your confirming the acceptability of the minimum annual amounts set forth above so that the filing of appeals can be avoided.

Mr. W. Dempsey Helms
Page 2
July 21, 1986

Thank you for your assistance in this matter.

Very truly yours,

Larry D. Clark

LDC:law

cc: S. Scott Shellhaas
O. T. Owens